

IMPROVING ENVIRONMENTAL QUALITY

Introduction:

1. The White Paper "This Common Inheritance" (Cm 1200), published last year, proposed a number of steps designed to strengthen the current institutional arrangements for environmental protection and enhancement. The Government has now decided that the time is right to go further and establish a new and unified body reflecting the cross-media integrity and indivisibility of the environment. It therefore proposes to bring together the key regulatory pollution control functions affecting the different media (air, land and water) in a powerful, innovative and independent Environment Agency. The creation of this body would affect the current responsibilities of Her Majesty's Inspectorate of Pollution (HMIP), the National Rivers Authority (NRA) and local government.

2. The precise role and functions of the Environment Agency will need careful consideration. But in establishing the new body, the Government will be guided by four main considerations. First, the Agency would assume responsibility for day-to-day decisions on the regulatory functions it inherits. But all rights of appeal to Ministers against individual authorisations, licences or consents (eg from HMIP, waste regulation authorities or the NRA) would be maintained under the new arrangements. Second, the Agency would be responsible for giving advice and making proposals to the Government on environmental quality standards in the areas for which it is responsible and for enforcing them once set. But the Government would retain overall policy responsibility for environmental issues, for negotiations in the EC and other international fora and for setting domestic environmental quality standards. Third, the Agency should have responsibilities for environmental monitoring both in relation to its own functions and in the context of the environment generally, in particular by making an input to the Government's regular State of Environment Reports. Fourth the Government would look to the Agency to harness the expertise and knowledge



it develops through the operation of its regulatory responsibilities to promulgate advice on best practice and to support other Government initiatives on innovation and wealth creation.

3. This paper briefly describes the organisational changes proposed and seeks comments from bodies and individuals both on the new structures involved and on the financial and staffing implications of the changes.

Present Arrangements:

4. The Department of Environment (DOE) has general responsibility within Government in consultation with other Departments for environmental protection policy. It currently spends about £350m a year on these activities, including financial support to other agencies and bodies. The principal means of delivering the Government's aims for environmental protection include legislation to regulate for high standards in environmental protection and penalties for failure to comply; Inspectorates to enforce standards; monitoring, research and appraisal of environmental impacts to enable clear standards to be set; development of economic instruments as means of environmental control; and participation in EC and other international fora on environmental protection.

5. Within DOE there are two Inspectorates with distinct powers and responsibilities. Her Majesty's Inspectorate of Pollution is responsible for regulating industrial processes or plant with the greatest pollution potential. As a result of the Environmental Protection Act 1990, HMIP is implementing the new system of Integrated Pollution Control (IPC) which will cover some 5000 major industrial plants in England and Wales. Operators will be required to use the best available techniques not entailing excessive costs to prevent or minimise pollution; and where pollution of more than one medium is likely, to adopt the best practicable environmental option. Through a single regime, HMIP is thus controlling major releases to air, land and water. In addition HMIP regulates the disposal of radioactive

waste under the Radioactive Substances Act 1960 and , except on nuclear licensed sites, the Inspectorate also regulates the keeping and use of radioactive material and the accumulation of radioactive waste under the Act. (Radioactive waste disposals from nuclear licensed sites are also regulated by MAFF). HMIP also oversees local authorities' performance of their waste regulation functions in licensing and enforcing standards at landfill sites and other waste disposal facilities. HMIP's manpower is currently being expanded substantially to meet the increasing workload arising from the introduction of IPC and to strengthen the Inspectorate across the range of its other work.

6. The Drinking Water Inspectorate was established following the Water Act 1989. It has a small staff within the DoE Water Directorate and employs consultants to supplement its in-house resources. Its principal task is to check in England and Wales the quality of drinking water supplied by water companies for compliance with the Water Supply (Water Quality) Regulations 1989. The Inspectorate monitors drinking water quality; it advises the Secretaries of State on enforcement action where improvements are needed; and provides scientific and technical advice to the Secretaries of State on drinking water quality issues.

7. The Department also sponsors the National Rivers Authority. The NRA has wide-ranging responsibilities for protecting and improving the water environment. It controls effluent discharges from processes not falling within HMIP's control as well as from water and sewerage companies and other dischargers. As a statutory consultee, the NRA has to maintain close liaison with HMIP over its authorisations to the water medium particularly to ensure that water quality objectives are met.

8. The NRA also has major responsibilities for defence against flooding from rivers and the sea, water resources management, fisheries, conservation, recreation and navigation. On flood defence and fisheries MAFF (and the Welsh Office in Wales) has policy responsibility for the NRA's activities. DOE has policy responsibility for the remaining NRA functions.

9. Finally, local government has a wide range of important environmental protection responsibilities. In England, waste regulation is the responsibility of upper tier authorities - county councils in the shires, and a combination of statutory and voluntary joint arrangements in London and the metropolitan areas. In Wales the responsibility lies with districts. The main regulatory functions are the licensing of waste disposal facilities, and their subsequent supervision and enforcement, as well as the control of special (ie hazardous) waste movements. The Government has encouraged waste regulation authorities to set up voluntary regional groupings to improve co-ordination of policies and standards. Eight of these have been, or are being, established in England and Wales is covered by three groups.

10. The district councils and London Boroughs also have extensive environmental responsibilities, including the control of air pollution from industrial processes not subject to IPC, statutory nuisances, litter, smoke control, and other environmental health functions such as noise. These responsibilities are governed by a wide range of legislation and regulations; and in the case of districts' air pollution functions, the Secretaries of State have certain default powers.

11. It will be noted that this paper is concerned only with institutional arrangements in England and Wales. The Secretaries of State for Scotland and Northern Ireland have responsibilities in their respective countries. The Secretary of State for Scotland has announced proposals to establish a Scottish Environment Protection Agency and he will be issuing a consultation paper on this in due course. The Secretary of State for Northern Ireland is considering what new arrangements, if any, are necessary for Northern Ireland taking full account of the different institutional arrangements which exist there. The position in Wales is further covered in paragraph 46.

Reasons for Change:

12. Institutional arrangements must be appropriately designed to deliver successful environment policies. Last year's White

Paper proposed a number of steps aimed at improving the arrangements for integrating environmental concerns more effectively into policy areas within Government. These included better co-ordination machinery, fuller environmental analysis in decision-making and more extensive public information. The White Paper also foreshadowed changes to the way in which pollution control and waste regulation are handled as between HMIP, the NRA and local authorities, reflecting the views put by others, including the House of Commons Select Committee on the Environment (in the Preface to its 1989 Report on Toxic Waste) and the NRA.

13. There are several reasons for proposing improved arrangements. First, there are problems of overlap and potential conflict between agencies. Both HMIP and the NRA have responsibilities for controlling discharges to water from industrial processes. This requires close co-ordination between the two bodies and suitable administrative arrangements have been made. But these still fall short of securing a fully integrated, effective and multi-media approach to pollution control; it can be confusing to industry and inefficient to deal with different environmental quality regulators; and it therefore makes more difficult the task of delivering a high quality public service.

14. Similar concerns arise in relation to the waste regulation functions of local authorities, where close liaison is needed with the NRA in setting licence conditions to prevent contamination of water from leachates from landfill sites and other waste facilities. As the standards and techniques of waste management become increasingly sophisticated, it is becoming more difficult for individual waste regulation authorities either to provide the necessary expertise, or to coordinate policies and standards over a wide enough area. Although the establishment of voluntary regional groupings of waste regulation authorities would have gone some way towards overcoming these difficulties, it could never provide a truly integrated approach to waste regulation whilst water and air pollution were in the hands of separate regulatory bodies.



15. Another concern is the need to ensure that decisions about pollution control take full account of the need to select the best practicable environmental option. As things stand, trade-offs between the different objectives of the regulatory bodies may not always be established at the right point. For example, the disposal of waste has the potential for polluting air, land and water, depending on the method of disposal chosen, and it is important that their environmental consequences are considered in relation to each other.

16. The lack of any central regulatory focus can also lead to gaps and a lack of cohesion. For example, environmental monitoring has not been done on a coordinated basis. Last year's White Paper set in hand the compilation of a new statistical State of the Environment Report designed to bring together available and reliable data in a coherent way. The formation of the European Environment Agency will give added weight to the call for comprehensive environmental data.

17. Finally, the Government acknowledges that there is public concern about the different status of the existing agencies and inspectorates. The NRA with its independent Board has a public standing and voice of its own. There are clear benefits to be gained from building on the institutional model of the NRA to strengthen the way pollution control functions are carried out.

The Government's Proposals:

18. The Government has therefore decided that the time is now right to combine the key regulatory pollution control responsibilities of HMIP, the NRA and the waste regulation functions of local authorities within a new independent Environment Agency. The Agency would be able to develop a consistent and cohesive approach to environmental protection and pollution control. It should have greater expertise and authority than the current arrangements allow. It could help further the process of attracting and encouraging the training of high calibre staff capable of seeing environmental problems in the round. It could address the problems of overlaps,

conflicts and gaps described earlier and give the necessary strategic direction to handling them. And with its enhanced status and broader responsibilities, it could be a powerful voice in influencing the adoption of better environmental standards and practices.

19. The precise functions of the Agency will need detailed consideration. But its main responsibilities would include:-

- Applying standards by giving authorisations, licences and consents for emissions, discharges and disposals to air, water and land.
- Monitoring compliance and enforcement, including prosecutions.
- Regulating the import and export of waste and control over the movement of waste including the registration of carriers and the duty of care.
- Assessing waste disposal needs and priorities across the country as a whole.
- Monitoring environmental conditions and publishing relevant statistics.
- Commissioning research to meet its statutory duties.
- Acting as statutory consultee under environmental assessment and town and country planning procedures.
- Supporting the Government's role in setting environmental quality and other standards by providing authoritative and independent advice and making proposals for measures such as water protection zones to prevent pollution.
- Promulgating advice and guidance to industry and others on best environmental practice.



20. Beyond these core statutory responsibilities, the Agency would be well placed to identify areas where its functions provide opportunities for wealth creation and innovation in the environmental field. The development of IPC will, for example, help to push forward the frontiers of technological development, promoting cleaner industrial operations and creating opportunities for much of British industry to maintain and enhance its competitive edge. Similarly the growing need for automated pollution control, monitoring and sampling techniques provides substantial scope for new markets. The Government will expect the Environment Agency to harness its expertise, resources and research effort to work with Government, business and commerce to promote the business response to regulation and market opportunities arising from it. It would be able to make an input into the new Advisory Committee on Business and the Environment. And it could contribute to the environmental technology schemes run by the Department of Trade and Industry and DOE by identifying priorities for innovation in technology relevant to regulation and promulgating project results.

21. As a major user and provider of environmental data the Agency would need to co-operate very closely with Government and other organisations on the collection and processing of environmental statistics. The aims should be to avoid duplication and to ensure the soundness and comparability of the data sets required for domestic and international purposes. Consideration would need to be given to the establishment of joint arrangements ensuring that national data requirements are met cost effectively and efficiently.

22. The Agency would need to be able to obtain medical and scientific advice on the human health aspects of its work, for example on toxicology and microbiology. It is envisaged that the Government's Chief Medical Officer would provide this advice on matters of national public health significance.

23. Under the new arrangements, the Secretary of State for the Environment would retain lead policy responsibility within Government for environmental issues and for setting standards.

As now, the compliance costs for industry would be taken into account in setting standards. In addition existing formal rights of appeal to the relevant Secretary of State against decisions on authorisations, licences and consents would be retained. But within that framework the Government would wish to leave day-to-day regulatory matters to the Agency.

24. The establishment of the Agency will not affect the current balance of responsibilities between the pollution enforcement agencies and the Health and Safety Executive. Nor will there be any changes in policy responsibilities as between Departments.

25. But the Government has considered whether there are other functions which the Agency might perform as part of a wider role for safe-guarding environmental quality. Its provisional conclusions are as follows.

26. First, the Government is minded, on balance, to transfer the Drinking Water Inspectorate to the Agency. The Agency would be responsible for enforcing the legal standards for drinking water quality and the associated monitoring requirements. It would also control the use by water companies of processes, substances and products which might affect the quality of drinking water. The Agency would unify regulatory responsibilities for raw and drinking water within one body. This would enhance the coordination of action to deal with common concerns, such as the monitoring and control of pesticide residue in drinking water. As a small unit which operates in a different manner from other components of the proposed Agency, the Drinking Water Inspectorate would need to be integrated into it in an appropriate manner.

27. Second, the Government believes that the Agency should, in consultation with HSE, provide the advice which is currently available from the NRA and Government on certain environmental aspects of major accidents in the context of the Control of Industrial Major Accidents Hazards (CIMAH) Regulations. The Agency should also be designated where appropriate as an enforcement authority for Section 140 of the Environmental



Protection Act 1990 which provides powers for Ministers to withdraw environmentally harmful products from the market. The Agency should also develop the necessary scientific expertise to evaluate the environmental risks from new and existing chemicals. It could then assume responsibility for DOE's interest in the Notification of New Substances Regulations and, in due course, take on the scrutiny of the environmental effects of substances under the Existing Chemicals Regulation, when it is agreed in Brussels.

28. Next, it is proposed that district and borough councils should retain their main environmental protection responsibilities, including the operation of air pollution controls over a range of industrial processes under Part 1 of the Environmental Protection Act 1990. However, the boundary between the industrial processes controlled by local authorities and, under IPC, by HMIP (and in future the Agency) will continue to be kept under review in the light of experience and of the development of the Agency. It would remain open to the Secretaries of State to transfer particular processes from local authority to Agency control or vice versa.

29. It will be important in considering the precise functions and powers of the Agency, to take account of their relationship to, and interaction with the environmental and planning responsibilities that will be retained by local government. In some cases - such as prosecutions for breaches of the duty of care, and enforcement of the flytipping provisions - it is proposed that local government should retain certain powers of enforcement under the Environmental Protection Act, but that these should be transferred to district councils as part of their environmental health responsibilities. There may also be a role for district councils in dealing with closed landfill sites under Section 61 of the Environmental Protection Act, and further consideration will need to be given to the interaction of these powers with districts' responsibilities for contaminated land generally. These proposals are of course subject to any changes

in local government structure arising from reviews by the new Local Government Commission which the Government has proposed setting up, subject to Parliament.

30. With the same proviso, county councils and metropolitan authorities (together with National Park authorities, and in Wales, district councils) would remain responsible for land-use planning for waste. Clearly, however, further consideration needs to be given to the role of waste disposal plans which waste regulation authorities are currently required to draw up under Section 50 of the Environmental Protection Act. The Government considers that there would be no role for such area based waste disposal plans when the new Agency is set up. Instead it proposes that the Secretary of State should issue broad guidance on waste disposal needs and priorities across the country as a whole. This "Statement of Waste Policies and Priorities" would be prepared on the advice of the new Agency. Local authorities would continue to have control over the location of waste disposal facilities through the planning system, and the new waste local plans (or waste provisions in their unitary plans) which they will be required to prepare under the Planning and Compensation Act 1991.

31. With the transfer of waste regulation functions to the new Agency, and the transfer of authorities' own waste disposal operations to the private sector or Local Authority Waste Disposal Companies (LAWDCs), the Government has looked again at the role of the statutory joint authorities and the voluntary arrangements in London and the metropolitan areas. The only functions of these bodies in the longer term would be as contract managers, or (possibly) owner of a LAWDC. The Government does not believe that this necessitates the retention of formal joint arrangements, and therefore proposes winding up the statutory joint waste disposal authorities and waste regulation authorities.

32. The NRA's future role and responsibilities in relation to the Environment Agency need careful consideration. Whilst the functions of HMIP and local authorities in respect of waste

regulation are clearly embraced by the pollution control objectives of the new Agency, the NRA has wider-ranging responsibilities for the water environment. Some 1400 (19%) of the NRA's total staff of 7300 (as at March 1991) are directly engaged on pollution control work, including regulation, monitoring and enforcement, which accounts for some 17% of the Authority's total annual expenditure of £450m. About 50% of the NRA's staff (including virtually all its 2300 manual staff) deal with the largely operational flood defence function which accounts for nearly 60% of gross spend. The remaining 2400 or so staff deal with water resource management, fisheries, recreation, conservation, navigation and support services. There are close inter-relationships between many of the NRA functions which are organised on an integrated river basin management basis in 10 regions.

Options:

33. In establishing the new Agency the Government wishes to create a strong regulatory pollution control body whilst ensuring that there is no weakening in the protection and effective management of the water environment, including the environmental duties and safeguards which currently apply to the NRA. There are several ways in which this might be achieved.
34. One possibility, which would represent a modification of the proposals set out earlier, would be to combine the functions of HMIP and waste regulation within the new Agency. The new body would then be responsible for emissions and disposals to air and land only. HMIP's responsibilities for the water environment under IPC would be transferred to the NRA which would remain as a freestanding body. Suitable statutory and other co-ordination arrangements would need to be made between the two bodies. Whilst this approach meets some of the concerns identified in paragraphs 12-17, it would not achieve the objective of securing a fully integrated approach to pollution control, both generally and particularly in respect of IPC; it would leave industry

38. The advantage of an Agency organised on these lines is that it would secure the integrated approach to pollution control which the Government wishes to achieve whilst retaining the framework of integrated river basin management within one organisation. On the federal model, the main objective would be to give a clear sense of policy and management direction to the different regulatory and operational functions within the Agency. But, under both the unitary and federal model, the Agency would be able to integrate operations on the ground where appropriate and thus facilitate opportunities for multi-functional working, for example, on monitoring and enforcement. Combining the existing bodies would also enable the Agency to make efficient use of staff and resources, including information technology, buildings and equipment.

39. There are, however, arguments against this option. Though there are conceptual and operational links between all the NRA's present functions, it remains the case that pollution control represents only a part, albeit a very important one, of what the NRA does. Combining all the Authority's functions within the new Agency therefore risks blurring the pollution control focus of the new body and creating a large heterogeneous organisation with the major part of its resources dedicated to functions other than pollution control. Some might question whether this more diverse body would be as clearly capable of policing its own operational functions as it would those of an outside body. The Environment Select Committee has also previously commented that the NRA's responsibilities for the recreational use of waterways are a distraction from its main environmental protection tasks and the Government is beginning a review of the navigation responsibilities of the NRA and the British Waterways Board. In the meantime, brigading these and the NRA's other non-pollution control responsibilities within a new Agency could reinforce these concerns.

40. Second, the NRA is already a substantial organisation whose staff numbers are increasing with financial support from the Government. An Environment Agency on the lines proposed here

having to deal with different regulators; and it would not therefore properly address the problems of overlaps and conflicts described earlier.

35. A second option, mooted in last year's Environment White Paper, would be to create a new umbrella body responsible for overseeing and co-ordinating the work of the NRA and HMIP. Under this arrangement, the bodies would operate under a common independent Board and headquarters' structure but would otherwise keep their separate identities. HMIP, or a separate arm of the new body, would deal with waste regulation.

36. The main advantage of this approach is that it offers the prospect of integrating pollution control in an evolutionary way whilst seeking from the outset to co-ordinate the work of the existing bodies. It would also put HMIP on the same institutional footing as the NRA. However, preserving the separate identities and management structures of the two bodies under a relatively loose association could make moves towards a multi-media approach to pollution control difficult and slow to achieve. This is particularly so given the different size and responsibilities of the NRA and the much smaller HMIP. The umbrella body would be quite likely to require substantial additional support staff to assist its co-ordination efforts with little guarantee of a successful outcome. Nor would this option achieve the objective of simplifying industry's relationship with the environmental regulators.

37. Another option would therefore be to create a fully integrated Agency covering HMIP, waste regulation and embracing all the NRA's functions. Under this model, the Agency could be organised either as a unitary body or as a federal structure. In the latter case, the regulatory and enforcement responsibilities of the new body might be managed separately from its operational functions. Under both models, there would be a strategic, independent Board to direct and co-ordinate all the Agency's activities.

could therefore mean a body comprising over 9000 mostly regionally-based staff responsible for an annual budget in excess of £500m - a large body to manage efficiently and effectively with due regard to the requirements of public and Parliamentary accountability.

41. Another possibility would therefore be to combine only the NRA's pollution control responsibilities with HMIP and waste regulation within the new Agency. The advantages of this approach are that the new body would be able to focus its attention and resources on pollution control in order to secure improvements in the quality of air, land and water. It would therefore not be distracted by the NRA's non-pollution control functions. It would provide an organisation of more manageable size and structure. And it would leave the NRA with clearly defined responsibilities for carrying out its remaining functions efficiently, taking full account of its statutory environmental obligations. Suitable statutory and other arrangements would need to be made to ensure effective liaison between the Environment Agency and the reconstituted NRA, for example to reflect the close inter-relationship between water quality and the management of water resources and the need to take emergency action to prevent and remedy pollution incidents; whilst other opportunities, including cross-membership of the Boards of the new Agency and the NRA, could be used as a further means of ensuring that practical arrangements for consultation and co-ordination work properly.

42. The main arguments against this option are that whilst it might secure the objective of having a clearly focused pollution control and enforcement agency, it would do so at the expense of extending the framework of integrated river basin management across two bodies, making it organisationally more difficult to ensure proper linkages between issues of water quality and quantity. It would therefore put a premium on devising effective liaison arrangements; and it would be likely to cause more transitional disruption to the NRA.



43. The Government has not reached a firm view on which of these options might best fulfil its objectives for the Environment Agency; and there may be other options which should be considered. Comments are therefore invited on this matter.

The New Body:

44. The Environment Agency would be a non-departmental public body with an independent Chairman and Board appointed by Ministers. Membership would cover a broad range of interests including scientific and other expertise from the different environmental interests, industry, commerce and environmental economics.

45. A management team would be necessary to assist the Board in carrying out its duties. This would be headed by a Chief Executive who would be responsible for ensuring that the Board's decisions were implemented, day-to-day work carried out efficiently and expenditure properly accounted for to Parliament. Most of the Agency's functions would be carried out through a regional organisation. The precise arrangements will need further consideration. But the Government would expect the structure in due course to reflect the need to integrate fully the Agency's pollution control activities on a common regional basis.

46. Both the National Rivers Authority and HMIP cover England and Wales but for their activities in Wales are responsible to the Secretary of State for Wales. Moreover, Ministerial responsibility for local authority waste regulation functions in Wales also lies with him. The Secretary of State for Wales is therefore considering how the work of the new Agency can best be undertaken in Wales to take account of the special needs and circumstances of the Principality. The Government would welcome views as to how this might be achieved.

Timetable and Transitional Arrangements:

47. The proposal to set up a new Agency would require primary legislation. Subject to the outcome of this consultation, the Government intends to take an early opportunity in the new Parliament to introduce a Bill. The hope would be to establish the new body formally as soon as possible following Royal Assent.

48. Much work would need to be done in the interim period to consider the organisation of the new body, its regional structure and its staffing arrangements. The Government intends to follow the well precededented procedure of setting up an Organising Committee to take these matters forward, possibly as early as immediately following Second Reading of the Bill. This Committee would have the task of advising the Government on the implications, including timing, of integrating the intended range of functions within the new Agency; it would be able to consider the most appropriate organisational models; and it would be able to act as a "shadow" Agency management team for the purposes of negotiating with Government over such matters as terms and conditions of staff transferring to the new body. It would as appropriate include officers appointed to the shadow agency from HMIP, NRA and local government, and would be able to draw on the lessons learnt during the setting up of HMIP and the NRA and the work they have done subsequently.

49. In the meantime, the momentum of the on-going work of all the bodies concerned must be maintained. With the Government's encouragement the NRA is increasing its pollution control activities. HMIP is also expanding as IPC is progressively implemented. The establishment of the new Agency means that it is no longer appropriate to move HMIP to "Next Steps" Agency status as earlier proposed. But the Government will continue to implement the individual management ingredients of the Next Steps arrangements. These include HMIP taking on responsibility for personnel matters, improved output and performance measures and better management accounting and budgeting systems.



50. On the waste regulation side, further consideration will need to be given to the implementation of the new provisions in Part II of the Environmental Protection Act, but it is not intended to change the basic framework of the new licensing and control arrangements. It is intended that authorities would implement the new functions - such as the registration of carriers - which are due to come into force on 1 April 1992, but the timing of the waste licensing provisions due to come into force on 1 April 1993, will need to be reviewed in the light of the emerging timetable for the new Agency. The Government will be discussing this question with local government and the waste disposal industry, and would welcome any views.

Financial Arrangements:

51. The Government's intention is that the Agency should so far as possible cover the cost of its functions by making charges. This is in line with the polluter pays principle. Charging arrangements already exist for virtually all the pollution control functions to be incorporated in the Agency and a new system is being developed for waste licensing under the Environmental Protection Act. The present and proposed arrangements may need rationalisation.

52. It is, however, unlikely that the Agency could be wholly self-financing given its range of responsibilities including advice to Government. Flexible and well-precedented arrangements would therefore be made for annual grant-in-aid from the Government. This, and the Agency's more general financial arrangements, would be subject to the normal Parliamentary and Departmental scrutiny and incorporated in a Financial Memorandum.

53. On a broader front, the Environment White Paper indicated the Government's wish to pursue the use of other fiscal mechanisms, such as pollution load charging and tradeable permits, to discourage pollution. And it has commissioned further research into the scope for developing market mechanisms

which take full account of the cost of pollution and provide a greater incentive to dischargers to reduce it. The Government intends to take this work forward with the new Agency.

54. The new Agency will need sound management accounting and budgeting systems. The Organising Committee will need to consider the precise arrangements that would be appropriate. In doing so, it would draw on the work currently in progress within HMIP and the NRA.

55. Establishing the Agency will involve transitional arrangements arising, for example, from rationalising accommodation, relocating and transferring staff. The Government will wish to assess the resource implications and costs involved here, drawing on the advice of consultants and in association with the Organising Committee. The Government will want the present geographically separate organisations brought together in an integrated, regional framework as soon and as economically as possible, with the minimum of disruption.

Staffing Arrangements:

56. The proposals described in this paper would involve the transfer of a number of Civil Service posts from HMIP and the Drinking Water Inspectorate; transfers from local government; and, depending on the structure adopted, transfers from one NDPB (the NRA) to another (the Environment Agency). Full consultation would be held with the relevant Trade Unions. The principle would be that terms and conditions of service for staff transferring to the new Agency were no worse, taken as a whole, than their existing terms at the time of transfer. A particular issue for local government staff will be the identification of regulatory staff to which the transfer terms would apply. This will be made easier by the separation of regulatory and disposal functions which authorities are already having to carry out, but negotiations with each authority are likely to be necessary.

57. As with other non-departmental public bodies it will be necessary for the Government to exercise appropriate control over



the Agency's administrative costs, staff structure and terms and conditions. The aim would be to give the Agency flexibility and freedom to manage its affairs cost-effectively, whilst retaining for the Government only those controls necessary for it properly to discharge its responsibilities.

Conclusion:

58. These proposals represent an important step towards providing more effective and integrated pollution control arrangements, building on the foundations already laid. It will provide an environmental protection and regulatory body which will be simpler and easier for industry to understand. It will ensure that arrangements for enforcing pollution control are focused, strong and independent whilst maintaining clear and effective arrangements for the protection and effective management of water. And it will bring benefits to the public in the form of a cleaner and healthier environment.

59. The Government would therefore welcome comments on these proposals by 31 January 1992. Any such comments should be sent to the Department of the Environment, EAPT Division, Room B240, Romney House, 43 Marsham Street, London SW1P 3PY. Comments relating to the functions of the Secretary of State for Wales should also be sent to the Welsh Office, Environment Division, Crown Buildings, Cathays Park, Cardiff CF1 3NQ. In submitting comments, consultees should say whether they are prepared for their responses to be published.